



Msinga Municipality

Draft SDBIP

for the period 1 July 2019 to 30 June 2020



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SECTION A:

FOREWORD BY HER WORSHIP THE MAYOR



The Service Delivery and Budget Implementation Plan (SDBIP) of the uMzinga Municipality seeks to commit the Municipality to meeting specific service delivery and budget spending targets. The targets contained within this document will outline, how the uMzinga Local Municipality, will implement the objectives set out in the Integrated Development Plan (IDP) 2019/2020 review, looking at Quarterly performance as a guide for monitoring expenditure and progress towards service delivery.

uMzinga Municipality successfully adopted its Draft IDP for the year 2019-2020 on the 27th Of March 2019 , the IDP is regarded as the agreed plan between the community and the uMzinga Local Municipality. It's a commitment that the local government makes to the local community with regards to service delivery objectives. The IDP guides our spending patterns, and incorporates the principles of "when, where and on what" principle. This plan is inclusive of the entire municipal area and not just for specific areas under uMzinga. The Plan in its entirety is developed with the community in mind as they take part in its drafting, implementation as well as monitoring and that is why at the end of the financial year the Mayor comes to the community to present the annual report which is a legislated report on the implementation of the previous years IDP. uMzinga Municipal IDP is also guided by the Constitution, which gives specific powers, functions and responsibilities to local government.



This segregation of responsibilities between the spheres of government is very important to understand, because, as the local municipality there are certain responsibilities for certain services for example roads, traffic safety, development planning, by-law enforcements, housing, tourism, and water and sewerage systems, whilst the backlogs in schools, hospitals and police services, for example is the responsibility of the Provincial governments. After consulting widely with uMsinga community, and careful consideration of the challenges within the Municipality, it was decided that the main focus areas of the IDP, and therefore the SDBIP should be ensuring economic growth through increasing efforts in Local Economic Development and of course, and paying special attention in Youth development and the empowerment of women. uMsinga community is widely dominated by women and most households are led by women, thus it is important that the municipality focuses on empowerment of women, the elderly as well young women.

We believe, that if we don't invest in better services and infrastructure, new opportunities and investments will be comprised, and our vision of creating more jobs to address the high unemployment rate will not be materialized. For this reason, our SDBIP and IDP will focus primarily on making our municipality more efficient, and effective in service delivery, by managing our resources and employing the correct staff complement.

Approved by the Mayor

Date:

Her Worship

Cllr B.P.Ngcobo

THE MAYOR

UMsinga Municipality



1. Executive Summary

The Municipality is required to produce a Service Delivery and Budget Implementation Plan to show the following;

- Monthly projections of revenue and expenditure for the operating and capital budgets
- Quarterly service delivery targets and performance indicators.

Each month the Municipal Manager must present the Mayor with a report showing how income and spending is progressing against these projections.

2. Introduction

As a high capacity municipality in terms of implementation of the Municipal Finance Management Act, Msinga produced its first Service Delivery and Budget Implementation Plan for 2019/2020.

A Service Delivery and Budget Implementation Plan is defined in chapter 1 of the Act as a detailed plan approved by the Executive Mayor for implementing the municipality's delivery of municipal services and its annual budget.

Essentially a business plan, the SDBIP is an integral part of the financial planning process. Although its approval is required after the budget its preparation has occurred in tandem with the budget process. The SDBIP is the connection between the budget and management performance agreements, and it includes detailed information on how the budget will be implemented – by means of forecast cash flows – and service delivery targets and performance indicators.

2.1 VISION

Commitment towards corruption free governance, infrastructural development, poverty eradication and supporting local economic development initiates towards the financial and social emancipation of the uMzinga community.

Vision unpacked

- The vision seeks to ensure infrastructural development (specifically those within the Municipality's powers and functions): access roads, electricity, and housing. Infrastructure



serves as an investment puller and with good infrastructure the area will present a conducive environment that is more investment friendly.

- Poverty eradication: The Municipal area is characterised by high poverty levels due to high unemployment thus poverty eradication and local economic development programmes are the answer. Programmes such as bursaries, Siyazenzela road maintenance, agricultural processing etc are all labour intensive and all aimed at emancipating the community of uMzinga from socio-economic suffering and thereby improving their live hoods.
- Vision gave rise to objectives and strategies and ultimately that gave rise to projects

2.2 Legislative Mandates

In terms of Section 53 (1) (c) (ii) of the Municipal Finance Management Act, Act No 53 of 2003, the Service Delivery Budget and Implementation Plan is defined as a detailed plan approved by the Mayor of a Municipality for implementing the Municipality's delivery of municipal services and its annual budget, and must indicate the following:

(a) projections for each month of –

- (i) revenue to be collected, by source; and
- (ii) operational and capital expenditure, by vote.

(b) service delivery targets and performance indicators for each quarter, and (c) any other matters prescribed.

According to Section 53(c)(ii) of the Municipal Finance Management Act, the Mayor is expected to approve the Service Delivery Budget Implementation Plan within 28 days after the approval of the budget in addition, the Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the Service Delivery Budget Implementation Plan are made public within 14 days after their approval.

As per Municipal Finance Management Act Circular No 13, National Treasury currently prefers not to prescribe other matters to be included in the Service Delivery Budget and Implementation Plan. This is to ensure good governance and accountability on the part of



Municipalities. However, there are five minimum requirements that the National Treasury requires to form part of the Service Delivery Budget and Implementation Plan (Municipal Finance Management Act Circular No. 13). These are outlined below:

1. Monthly projections of revenue to be collected by source;
2. Monthly projections of expenditure (operating and capital) and revenue for each vote;
3. Quarterly projections of service delivery targets and performance indicators for each vote;
4. Ward information for expenditure and service delivery; and
5. Detailed capital works plan broken down by ward over a 3-year period.

In terms of the Municipal Finance Management Act, a Vote is a Department or a functional area of a Municipality and represents the various levels at which the Council approves the budget.

As indicated by the National Treasury in Municipal Finance Management Act Circular No 13, the biggest challenge for Municipalities is to develop meaningful non-financial service delivery targets and indicators.

3.The SDBIP Process at UMsinga Municipality

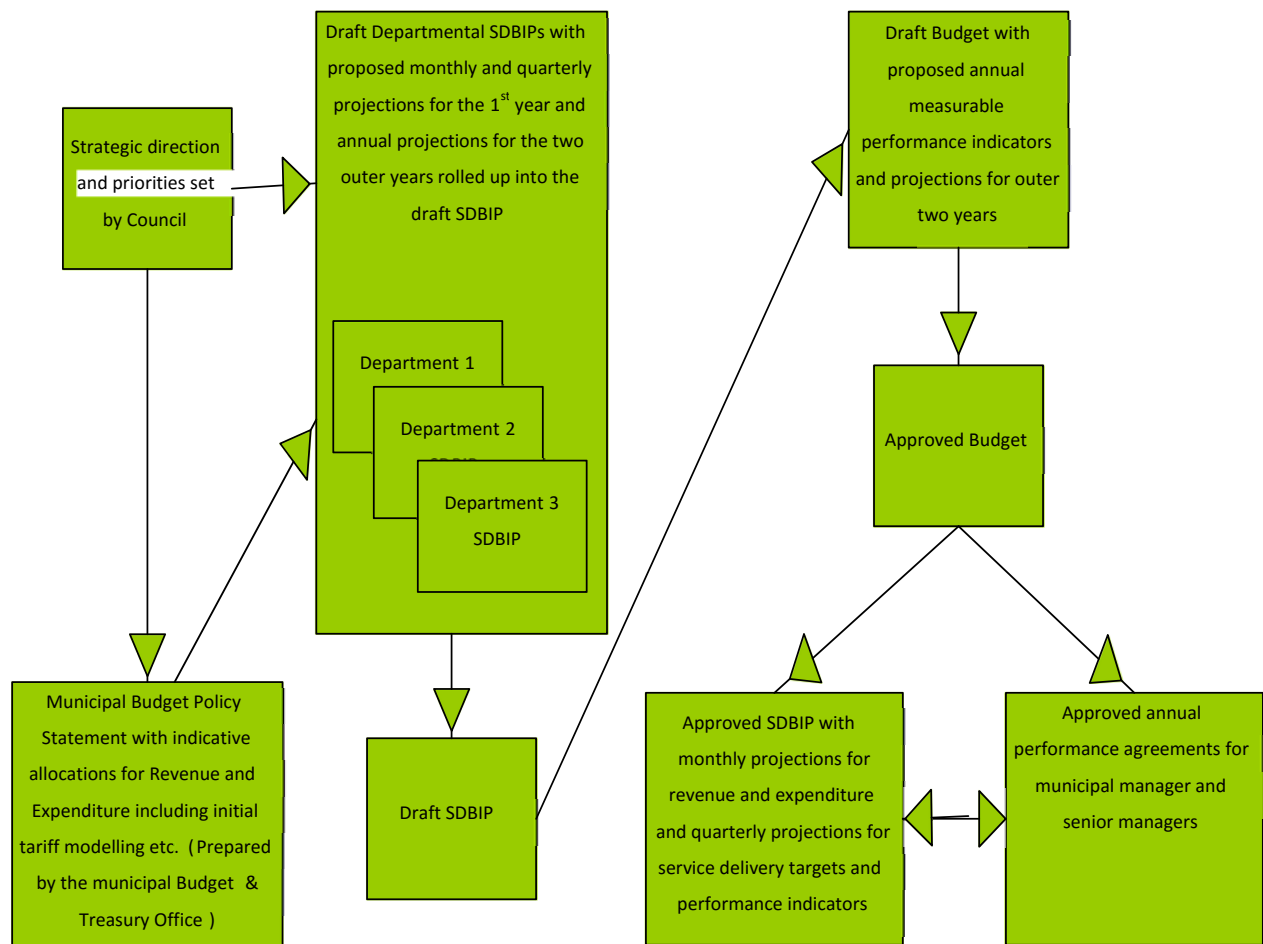


Figure 1: uMzinga SDBIP Process

The Service Delivery and Budget Implementation Plan is a consolidated document, which incorporates and takes into account information contained in the Integrated Development Plan of the Municipality, Operational Plans for each Department and the budget statements for each Department within the Municipality. Resultantly, the completion of the Service Delivery and Budget Implementation Plan hinges on the finalisation of the above documentation.

The uMzinga Municipality began its budgeting process during the 2018/2019 financial year, in which input into the Departments' strategic objectives and outputs for the 2019/2020 financial year were gathered and formed the basis of the individual Departmental scorecards.



Assigned to these strategic objectives and outputs were a set of targets, which the Municipal Officials viewed as vital to achieve in order to meet the service delivery requirements of the uMzinga Community.

With all the relevant information needed for the Service Delivery and Budget Implementation Plan, work began to fulfil the requirements of Section 53 of the Municipal Finance Management Act. Initially, meetings were held with the relevant Departmental heads and staff, in which their scorecards and budget statements for 2019-2020 year were discussed. These discussions facilitated the alignment of the strategic objectives and outputs to the budget statements, allowing for expenditure to be projected across the 2019/2020 year in terms of the service delivery targets set for the strategic objectives and outputs.

A Three year detailed Capital Works Plan was also compiled, which is a fair projection of capital expenditure to be incurred by the Municipality. Once complete, the above information was consolidated into the Service Delivery and Budget Implementation Plan.

4.The Components of a SDBIP

The five necessary components of a SDBIP are :

1. Cash flow projections
2. Monthly projections of expenditure (operating and capital) and revenue for each vote
3. Monthly projections of revenue to be collected for each source
4. Quarterly projections of service delivery targets and performance indicators for each vote
5. Monthly projections of service delivery targets and performance indicators for each function
6. Monthly projections of service delivery targets and performance indicators for each function
7. CWP: Capital Works Plan which indicates ward allocations

The SDBIP is the formal link between organisational performance and the budget. It also provides a means to measure cost effective service delivery by linking the inputs – the budget – to the service outputs and outcomes.

Budgetary control and performance monitoring combine to measure the cost effectiveness of service delivery.



5. Strategic Outcomes

MISSION:

uMzinga will through local integrated developmental support will eradicate poverty by applying Batho Pele principles.

5.1 OBJECTIVES AND STRATEGIES

1.	Increased performance and efficiency levels (DEVELOPMENT PLANNING DEPARTMENT)
2.	To ensure Excellence in Governance and Leadership
3.	To Improve Municipal Planning and Spatial Development
4.	To promote participative, facilitative and accountable Municipality through a refined ward committee system
5.	To promote participative, facilitative and accountable Municipality through a refined ward committee system
6.	To expand local economic output and increase quantity and quality of employment opportunities
7.	To Increase business skills levels & economic activity within the Municipal area
8.	To reduce poverty
9.	To promote Informal Economy to promote Agri-parks
10.	To ensure food security and production
11.	To improve state of Municipal Tourism infrastructure
12.	participative, facilitative and accountable governance and Customer Care
13.	To facilitate and coordinate provision of Integrated Human Settlements within the Municipality
14.	Effective Administration Management – (COMMUNITY DEVELOPMENT DEPARTMENT)
15.	Promote Public Knowledge and awareness
15.	To promote youth development and support youth initiatives and empowerment
16.	To promote preservation of culture and assist in promoting good behaviour in youth
17.	To promote sports development and improve sports participation
18.	To reduce poverty in the Municipal area
19.	To improve planning and engagements in sports with federations
20.	To promote athletics development and road running
21.	To promote good governance and strengthening intergovernmental relationships while ensuring service delivery
22.	Promote Public Knowledge and awareness
23.	To improve education for Early Childhood
24.	To improve literacy and encourage culture of reading special
25.	To promote sports development in physically disabled people
26.	Increased Provision of Municipal services (TECHNICAL SERVICES DEPARTMENT)
27.	Improved state of Municipal Infrastructure
28.	Reduced unemployment
29.	Increased performance and efficiency levels
30.	Improved Municipal Planning and Spatial Development
31.	Improve Community and Environmental Health and Safety
32.	Improved provision of Social Development Services
33.	Improved Expenditure and maximise the economies of scale and value for money



34.	To p-provide waste services without imposing negative environment impacts
35.	To provide services without imposing employees to risk
36.	To provide waste collection needs during the 2018/19
37.	To provide temporal waste collection storage
38.	To update 2013 IWMP
39.	To draft a new environmental policy.
40.	Optimised use and Management of Municipal Assets (FINANCE DEPARTMENT)
41.	Increased Revenue
42.	Improved Expenditure and maximize the economies of scale and value for money
43.	Improved Budgeting, Reporting and Compliance
44.	Promote Public knowledge, awareness and corporate image (CORPORATE SERVICES)
45.	Optimise systems, administration and operating procedures.
46.	Strengthened governance and advance communication channels.
47.	Strengthened governance and reduce risk.
48.	Optimise systems, administration and operating procedures.
49.	Increase performance and efficiency level
50.	Optimise systems, administration and operating procedure
51.	Increase institutional capacity and promote transformation.

5.2 Cash flow projections

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand															
Cash Receipts By Source															
Property rates	935	935	935	935	935	935	935	935	935	935	935	934	11 214	12 357	13 098
Service charges - electricity revenue	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(42)	(45)	(47)
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	35	35	35	35	35	35	35	35	35	35	35	35	420	445	472
Rental of facilities and equipment	38	38	38	38	38	38	38	38	38	38	38	38	460	488	517
Interest earned - external investments	225	225	225	225	225	225	225	225	225	225	225	225	2 700	2 862	3 034
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	8	8	8	8	8	8	8	8	8	8	8	8	100	106	112
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	170 707	180 949	191 806
Other revenue	48	48	48	48	48	48	48	48	48	48	48	48	574	555	589
Cash Receipts by Source	15 511	15 511	15 511	15 511	15 511	15 511	15 511	15 511	15 511	15 511	15 511	15 511	186 133	197 718	209 581
Other Cash Flows by Source															
Transfer receipts - capital	5 785	5 785	5 785	5 785	5 785	5 785	5 785	5 785	5 785	5 785	5 785	5 785	69 422	73 587	78 003
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) other non-current receivables	21	21	21	21	21	21	21	21	21	21	21	21	249	262	275
Decrease (Increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	21 317	21 317	21 317	21 317	21 317	21 317	21 317	21 317	21 317	21 317	21 317	21 317	255 804	271 567	287 858
Cash Payments by Type															
Employee related costs	5 154	5 154	5 154	5 154	5 154	5 154	5 154	5 154	5 154	5 154	5 154	5 154	61 851	84 251	89 307
Remuneration of councillors	1 006	1 006	1 006	1 006	1 006	1 006	1 006	1 006	1 006	1 006	1 006	1 006	12 071	12 071	12 071
Finance charges	45	45	45	45	45	45	45	45	45	45	45	45	540	-	-
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	1 452	1 452	1 452	1 452	1 452	1 452	1 452	1 452	1 452	1 452	1 452	1 452	17 422	20 640	21 878
Contracted services	7 517	7 517	7 517	7 517	7 517	7 517	7 517	7 517	7 517	7 517	7 517	7 517	90 204	89 684	94 477
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	250	250	250	250	250	250	250	250	250	250	250	250	3 000	-	-
Cash Payments by Type	15 424	15 424	15 424	15 424	15 424	15 424	15 424	15 424	15 424	15 424	15 424	15 424	185 089	206 646	217 733
Other Cash Flows/Payments by Type															
Capital assets	4 917	4 917	4 917	4 917	4 917	4 917	4 917	4 917	4 917	4 917	4 917	4 917	59 002	62 542	66 295
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	20 341	20 341	20 341	20 341	20 341	20 341	20 341	20 341	20 341	20 341	20 341	20 341	244 090	269 188	284 027
NET INCREASE/DECREASE IN CASH HELD	976	976	976	976	976	976	976	976	976	976	976	976	11 714	2 378	3 831
Cash/cash equivalents at the month/year begin:	34 379	35 355	36 331	37 307	38 283	39 259	40 236	41 212	42 188	43 164	44 140	45 116	34 379	46 092	48 471
Cash/cash equivalents at the month/year end:	35 355	36 331	37 307	38 283	39 259	40 236	41 212	42 188	43 164	44 140	45 116	46 092	46 092	48 471	52 301

DRAFT Tabled to council 29-5-2019

FINAL 26 JUNE 2019 EXCO :

FULL COUNCIL 28TH 2019



5.3 Expenditure by municipal votes

The MFMA requires that operational and capital expenditure by vote is shown in the SDBIP. The MFMA defines a vote as one of the main sections of the budget.

A circular from National Treasury clarifies this further by providing details of the Government Finance Statistics classifications which aims to provide a consistent basis for defining a vote so that information can be gathered for comparative purposes.

The SDBIP shows the projections per service delivery unit as these are the most relevant for monitoring purposes and is in line with the municipality's new virement policy. However, the SDBIP report also includes a table for each directorate.

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote																
Vote 1 - CORPORATE SERVICES		18	18	18	18	18	18	18	18	18	18	18	18	219	179	190
Vote 2 - COMMUNITY SERVICES		137	137	137	137	137	137	137	137	137	137	137	137	1 645	1 744	1 848
Vote 3 - FINANCE MANAGEMENT		15 062	15 062	15 062	15 062	15 062	15 062	15 062	15 062	15 062	15 062	15 062	15 061	180 738	197 131	208 959
Vote 4 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - TECHNICAL SERVICES		6 148	6 148	6 148	6 148	6 148	6 148	6 148	6 148	6 148	6 148	6 148	6 148	73 781	78 208	82 900
Vote 7 - COUNCIL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		21 365	21 365	21 365	21 365	21 365	21 365	21 365	21 365	21 365	21 365	21 365	21 365	256 383	277 262	293 898
Expenditure by Vote to be appropriated																
Vote 1 - CORPORATE SERVICES		2 319	2 319	2 319	2 319	2 319	2 319	2 319	2 319	2 319	2 319	2 319	2 319	27 832	33 537	35 066
Vote 2 - COMMUNITY SERVICES		2 708	2 708	2 708	2 708	2 708	2 708	2 708	2 708	2 708	2 708	2 708	2 708	32 492	40 048	42 366
Vote 3 - FINANCE MANAGEMENT		1 749	1 749	1 749	1 749	1 749	1 749	1 749	1 749	1 749	1 749	1 749	1 749	20 986	19 206	20 340
Vote 4 - MUNICIPAL MANAGER		1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	1 013	12 152	17 014	18 028
Vote 5 - DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS		576	576	576	576	576	576	576	576	576	576	576	576	6 916	7 331	7 771
Vote 6 - TECHNICAL SERVICES		6 218	6 218	6 218	6 218	6 218	6 218	6 218	6 218	6 218	6 218	6 218	6 218	74 612	81 242	85 914
Vote 7 - COUNCIL		2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	2 759	33 114	32 437	33 628
Vote 8 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		17 342	17 342	17 342	17 342	17 342	17 342	17 342	17 342	17 342	17 342	17 342	17 342	208 105	230 816	243 114

Draft Service Delivery & Implementation Plan 2019-2020



5.4 Expenditure by function

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional																
<i>Governance and administration</i>		15 408	15 408	15 408	15 408	15 408	15 408	15 408	15 408	15 408	15 408	15 408	15 408	184 896	201 485	213 575
Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance and administration		15 408	15 408	15 408	15 408	15 408	15 408	15 408	15 408	15 408	15 408	15 408	15 408	184 896	201 485	213 575
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		137	137	137	137	137	137	137	137	137	137	137	137	1 645	1 744	1 848
Community and social services		135	135	135	135	135	135	135	135	135	135	135	135	1 624	1 721	1 825
Sport and recreation		2	2	2	2	2	2	2	2	2	2	2	2	21	22	24
Public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		4 119	4 119	4 119	4 119	4 119	4 119	4 119	4 119	4 119	4 119	4 119	4 119	49 422	52 387	55 531
Planning and development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Road transport		4 119	4 119	4 119	4 119	4 119	4 119	4 119	4 119	4 119	4 119	4 119	4 119	49 422	52 387	55 531
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>		1 702	1 702	1 702	1 702	1 702	1 702	1 702	1 702	1 702	1 702	1 702	1 702	20 420	21 645	22 944
Energy sources		1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	20 000	21 200	22 472
Water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		35	35	35	35	35	35	35	35	35	35	35	35	420	445	472
<i>Other</i>		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue - Functional		21 365	21 365	21 365	21 365	21 365	21 365	21 365	21 365	21 365	21 365	21 365	21 365	256 383	277 262	293 898
Expenditure - Functional																
<i>Governance and administration</i>		9 094	9 094	9 094	9 094	9 094	9 094	9 094	9 094	9 094	9 094	9 094	9 094	109 129	118 448	124 207
Executive and council		3 378	3 378	3 378	3 378	3 378	3 378	3 378	3 378	3 378	3 378	3 378	3 378	40 533	39 768	41 394
Finance and administration		5 359	5 359	5 359	5 359	5 359	5 359	5 359	5 359	5 359	5 359	5 359	5 359	64 303	69 463	73 045
Internal audit		358	358	358	358	358	358	358	358	358	358	358	358	4 293	9 218	9 769
<i>Community and public safety</i>		1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	1 604	19 243	25 698	27 240
Community and social services		504	504	504	504	504	504	504	504	504	504	504	504	6 045	6 407	6 792
Sport and recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public safety		1 100	1 100	1 100	1 100	1 100	1 100	1 100	1 100	1 100	1 100	1 100	1 100	13 199	19 290	20 448
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		4 349	4 349	4 349	4 349	4 349	4 349	4 349	4 349	4 349	4 349	4 349	4 349	52 191	57 731	60 993
Planning and development		1 002	1 002	1 002	1 002	1 002	1 002	1 002	1 002	1 002	1 002	1 002	1 002	12 021	12 058	12 781
Road transport		3 347	3 347	3 347	3 347	3 347	3 347	3 347	3 347	3 347	3 347	3 347	3 347	40 170	45 674	48 212
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>		2 241	2 241	2 241	2 241	2 241	2 241	2 241	2 241	2 241	2 241	2 241	2 241	26 888	28 246	29 940
Energy sources		1 755	1 755	1 755	1 755	1 755	1 755	1 755	1 755	1 755	1 755	1 755	1 755	21 057	22 321	23 660
Water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		486	486	486	486	486	486	486	486	486	486	486	486	5 831	5 925	6 280
<i>Other</i>		54	54	54	54	54	54	54	54	54	54	54	54	653	693	734
Total Expenditure - Functional		17 342	17 342	17 342	17 342	17 342	17 342	17 342	17 342	17 342	17 342	17 342	17 342	208 105	230 816	243 114
Surplus/(Deficit) before assoc.		4 023	4 023	4 023	4 023	4 023	4 023	4 023	4 023	4 023	4 023	4 023	4 023	48 278	46 446	50 784
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	4 023	4 023	4 023	4 023	4 023	4 023	4 023	4 023	4 023	4 023	4 023	4 023	48 278	46 446	50 784

Expenditure by classification

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional	1															
<i>Governance and administration</i>		2 762	2 762	2 762	2 762	2 762	2 762	2 762	2 762	2 762	2 762	2 762	(13 768)	16 610	17 607	18 663
Executive and council		7	7	7	7	7	7	7	7	7	7	7	7	80	85	90
Finance and administration		2 755	2 755	2 755	2 755	2 755	2 755	2 755	2 755	2 755	2 755	2 755	(13 775)	16 530	17 522	18 573
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		1 277	1 277	1 277	1 277	1 277	1 277	1 277	1 277	1 277	1 277	1 277	1 277	15 328	16 247	17 222
Community and social services		328	328	328	328	328	328	328	328	328	328	328	328	3 940	4 176	4 427
Sport and recreation		786	786	786	786	786	786	786	786	786	786	786	786	9 429	9 995	10 594
Public safety		163	163	163	163	163	163	163	163	163	163	163	163	1 959	2 077	2 201
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		2 092	2 092	2 092	2 092	2 092	2 092	2 092	2 092	2 092	2 092	2 092	2 092	25 104	26 610	28 207
Planning and development		83	83	83	83	83	83	83	83	83	83	83	83	1 000	1 060	1 124
Road transport		2 009	2 009	2 009	2 009	2 009	2 009	2 009	2 009	2 009	2 009	2 009	2 009	24 104	25 550	27 083
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>		128	128	128	128	128	128	128	128	128	128	128	128	1 530	1 622	1 719
Energy sources		125	125	125	125	125	125	125	125	125	125	125	125	1 500	1 590	1 685
Water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		3	3	3	3	3	3	3	3	3	3	3	3	30	32	34
<i>Other</i>		36	36	36	36	36	36	36	36	36	36	36	36	430	456	483
Total Capital Expenditure - Functional	2	6 294	6 294	6 294	6 294	6 294	6 294	6 294	6 294	6 294	6 294	6 294	(10 236)	59 002	62 542	66 295

DRAFT Tabled to council 29-5-2019

FINAL 26 JUNE 2019 EXCO :

FULL COUNCIL 28TH 2019



6. Analysis of the SDBIP and draft budget projections

a) Operating income

The previous year trends have been used to provide the estimates for 2019/2020 and the previous comments on the shortcomings in this methodology apply to revenue as well. The information is shown by department and by the national standard for showing revenue source. The estimates are based on budgeted income rather than cash collected.

b) Property Rates

- The proposed increase in the rate in the rand at this stage will be 5% for domestic properties and 5.5% for non-domestic properties.
- The rebate currently applied to domestic owners remains the same. This is in line with National Government view that rebates should only apply in particular circumstances. It remains the intention to keep the domestic rebate in future budgets due to affordability levels.

c) Staff related costs

- uMzinga municipality spends R73 million a year just to cover staff costs and councillors' allowances. That is 37 percent of the total operational budget and which is above the 23% benchmark.

d) Direct expenditure versus Investment expenditure

- Based on the above budget table, it clearly shows that the municipality has little investments with a lot of direct expenditure. Therefore, we have to be concerned as our assets are depleting at high rate on the other side. Should the current trend continue in the foreseeable future, the municipality will find it hard to cover its operating costs.

e) Capital expenditure

As far as the cash flow forecasts of the Capital Expenditure for 2019/2020 are concerned, the projections contained in this document are very speculative. The cash flow forecasts will be revised and refined in the finalization of the final SDBIP for 2019/2020.

- The capital budget for 2019/20 will amount to R54 million of which R49 million is funded from National and Provincial grants and R4.5 million from internally generated funds. Council is continuing the process begun two years ago of rebuilding and upgrading municipal buildings and assets including sports fields, libraries and repairs on existing properties.



- 40% of the capital budget should be for renewal as opposed to new infrastructure. The forthcoming budget indicates that renewal expenditure will amount to 30% (R1.350 million) of total internally funded capital expenditure. This reinforces the fact that the infrastructure demands being placed upon the municipality are reaching an unhealthy point. We spend simply to stand still and are not growing the municipality. This further reinforces the need to review and reduce expenditure on issues that are not our functions or are not basic services.

7. Conclusion

- The 2019/20 budget for uMzinga Municipality is not a pleasant budget. uMzinga has maintained a high level of service delivery for a number of years mostly at its own cost and depleted the reserves over the years. I therefore request that we change the way we budget and manage funds.

SECTION B : ORGANISATIONAL SCORECARD (ATTACHED AS ANNEXURE 1)

[SDBIP FOR FC.xlsx](#)